

Title: Strengthening Chicago's Manufacturing Base the Easy Way

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Kudos to Gov. Pat Quinn, the University of Illinois at Chicago and the Illinois Medical District Commission on last month's announcement of a new hub for Chicago's thriving bioscience industry. This latest achievement is proof positive that biotechnology means business in Illinois.

According to Ernst & Young LLP, the industry generates more than \$98.6 billion in economic output here, employing 81,000 people in more than 3,500 biotech companies. Innovative biotechnology startups have benefited from \$1.3 billion in research and development expenditures by Illinois' top seven universities.

But the bigger story is a disappointing one. While the University of Illinois at Chicago's Center for Urban Economic Development reports that from 2010 through the third quarter of 2012, the number of Chicago-area manufacturing jobs grew 5 percent, compared with 4 percent nationally, and the area's manufacturing jobs actually dropped by 185,000 between 2001 and 2011, to 411,000. The Chicago Metropolitan Agency for Planning has reported that the Chicago region's innovation base is deteriorating: The city and its environs lost nearly half their private research and development jobs in the last decade. With less R&D and, consequently, less patent output, next-generation technologies and productivity gains are likely to suffer.

The explanation is a complicated one involving an ecosystem under stress. Some manufacturers, including pharma, tech and machinery, may thrive as the economy regains its footing. Others may fall by the wayside.

Over time the big ideas that capture our imagination will take hold. Our workforce eventually will be dominated by people who have strong skills in science, technology, engineering and mathematics. Our energy infrastructure will become more efficient and give the state a sustainable competitive advantage. A superior transportation network will earn us an edge in the global economy.

OPPORTUNITIES NOW

But, for now, it's the opportunities at hand that warrant action.

- Small manufacturers that design and produce components for finished goods should be invited to innovate through collaboration with more established businesses.
- Early-stage companies with meaningful commercialization prospects should be encouraged to pursue the federal government's underutilized Small Business Innovation Research or Small Business Technology Transfer funding.
- The city and the state should introduce inventors to service providers who can help them turn their viable ideas into successful companies.
- Cook County's inequitable tax assessment, which disproportionately burdens manufacturers in Chicago and its neighboring suburbs, should be phased out.
- Following the example of the Clean Energy Trust, which attracts capital for clean-tech companies, the state's most promising innovators should gain easier access to grants, loans and equity from private investors, banks, foundations, universities and research institutions.

Making Chicago a leading hub of advanced manufacturing is the very first of 10 strategies included in World Business Chicago's Plan for Economic Growth and Jobs last year. Let's make that priority a reality.



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